

WATER/ABJ/HJL:jjj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

**RESOLUTION NO. W-4331
April 22, 2002**

RESOLUTION

**(RES. W-4331), CALIFORNIA-AMERICAN WATER COMPANY (CAL-AM),
LOS ANGELES DIVISION. ORDER AUTHORIZING CALIFORNIA-AMERICAN
WATER COMPANY TO INCREASE THE FRANCHISE TAXES COLLECTED
FROM ITS CITY OF SAN GABRIEL CUSTOMERS TO 2% OF GROSS
BILLINGS.**

SUMMARY

By Advice Letter 563, filed February 19, 2002, Cal-Am's Los Angeles Division is requesting to increase the franchise taxes collected from its City of San Gabriel customers to 2.0% of gross billings. The increase will not affect the rate of return that was last authorized for Cal-Am. It is a pass-through item, being collected for the City of San Gabriel.

BACKGROUND

Cal-Am requests authority under Section IV of General Order 96-A and Commission Decision No. (D.) 89-05-063 to increase the franchise taxes collected from its customers from the City of San Gabriel to 2.0% of gross billings pursuant to Ordinance No. 515-C.5. of the City of San Gabriel dated July 3, 2001.

Cal-Am serves approximately 1,300 customers in the City of San Gabriel. The present rates became effective January 1, 2002, by D. 01-03-012. The last general increase in rates was authorized by D.01-03-012, which authorized a rate of return on rate base of 8.88%.

DISCUSSION

The increase in the franchise tax rate results from the franchise tax agreement signed between the City of San Gabriel and California-American Water Company, dated July 3, 2001. The franchise tax currently collected by the Cal-Am for the City of San Gabriel is less than the amount specified in the franchise agreement between the two parties. In order to comply with the City of San Gabriel's franchise agreement, Cal-Am needs to increase its franchise tax rate for the City of San Gabriel to 2.0%.

NOTICE AND PROTESTS

Notice of the proposed franchise tax increase in rates was published in local papers of general circulation within the City of San Gabriel Service Area on February 21, 2002. The Water Branch of the Water Division received no letters protesting the increase.

FINDINGS AND CONCLUSIONS

THE COMMISSION FINDS, after investigation by the Water Branch, that the proposed increase in franchise tax rate is justified.

THEREFORE, IT IS ORDERED that:

1. California-American Water Company is authorized to make effective revised Schedule No. LA-1 (continued), General Metered Service, attached to Advice Letter No. 563, and to cancel its presently effective rate schedule. The effective date of the revised rate schedule shall be five days after the effective date of this resolution.
2. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 22, 2002; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director